

# **UTAH STATE TAX COMMISSION**



**REVENUE & TAXATION INTERIM COMMITTEE**  
**JUNE 19, 2019**

**PRESENTED BY:**  
**COMMISSIONER REBECCA L. ROCKWELL**

# SOURCING VS. DISTRIBUTION

\*The Sourcing and Distribution Rules are not the same.

**Sourcing** = Determines where the sale occurred or the point of sale (POS).

- Used to determine which jurisdiction's tax rate applies.

**Distribution** = Determines which jurisdiction gets the revenue from a particular sale.

- (i.e. 1% local option = 50% POS & 50% population)

**\*Sourcing rules must comply with SST, but distribution rules are not subject to SST.**

# ORIGIN VS. DESTINATION

**Origin Sourcing** = Customer purchases AND receives goods inside of Utah.

**Destination Sourcing** = Customer purchases OR receives goods outside of Utah.

**In FY18, only 16% of sales were sourced to the destination.**

# GENERAL SOURCING



Purchase occurs in Utah (Sourced to Origin)

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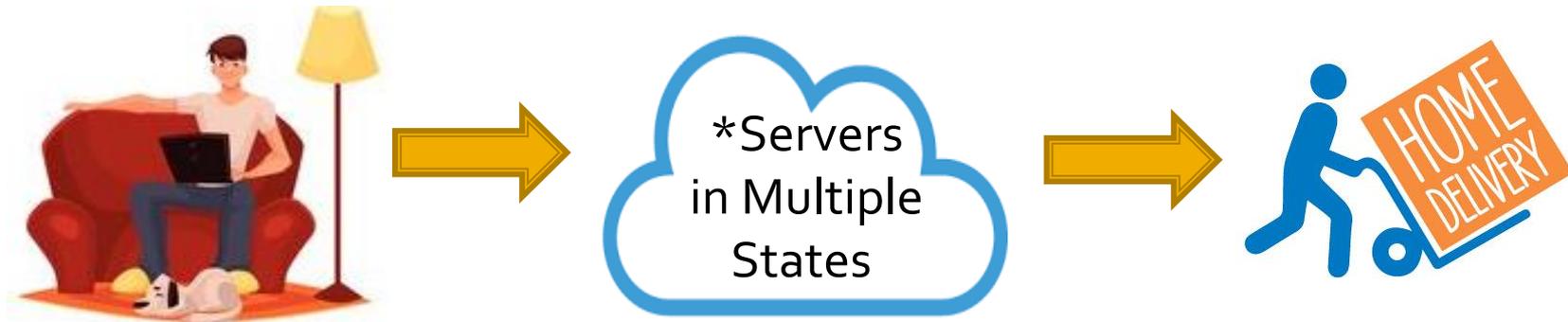
Purchase occurs outside Utah (Sourced to Destination)

# ONLINE SOURCING



Purchase occurs in Utah (Sourced to Origin)

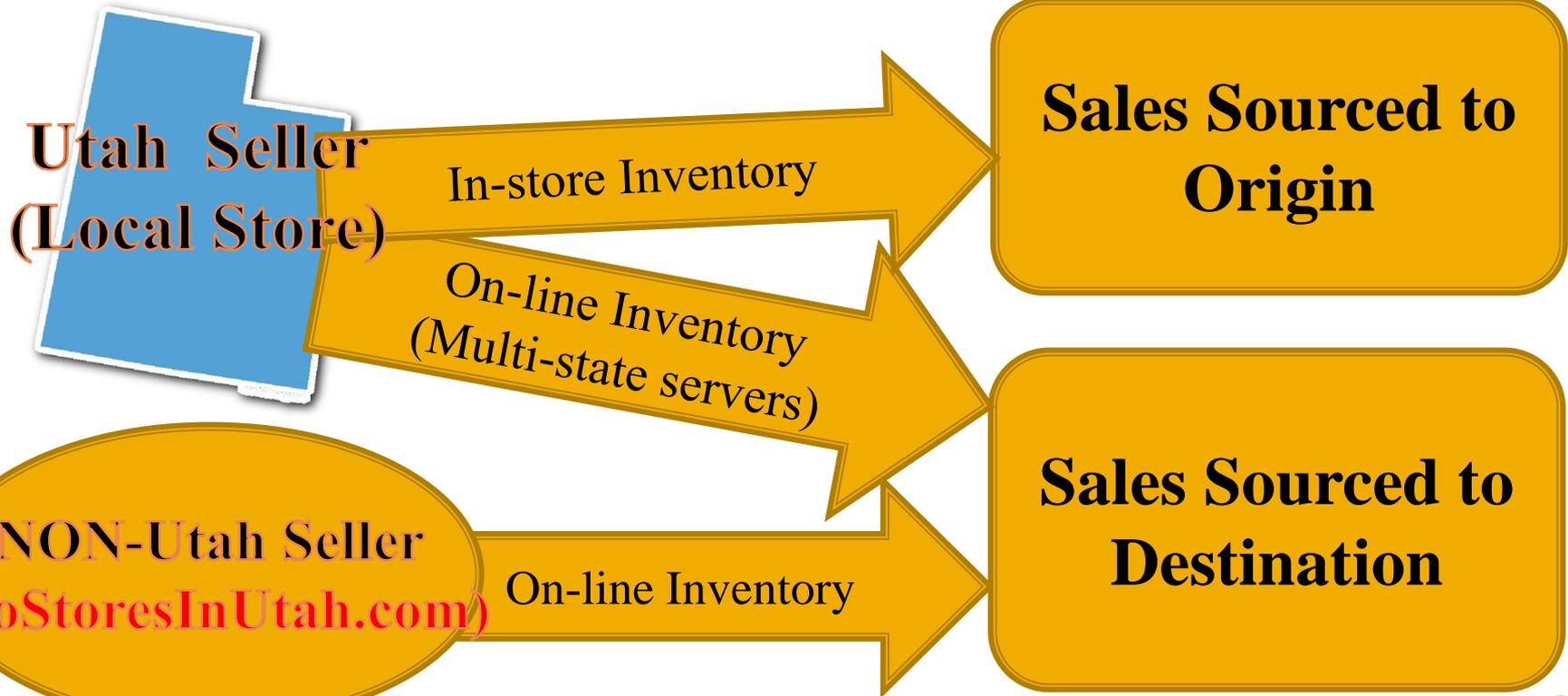
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Purchase occurs outside Utah (Sourced to Destination)

\*This could include servers in Utah

# UTAH VS. NON-UTAH SELLERS



Sales are sourced to the destination by **both** Utah and Non-Utah Sellers.

# SOURCING OF SERVICES

SST General Rule:

Services are sourced to the location where the purchaser **makes first use of the service**

**Remember:** distribution is not governed by SST.

# TO BE DECIDED...

What is “First Use”?

Where the service is first performed by seller?

**OR**

Where the service first benefits the buyer?

What if these are different locations?

# SOURCING OF MOTOR VEHICLES

## Traditional Model of Car Sales



# SOURCING OF MOTOR VEHICLES

## Emerging Model of Car Sales



# QUESTIONS?

